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SUBJECT: RENEWED GOL COMMITMENT TO WTO ACCESSION IN 2010 (ECONOMIC
WEEK IN REVIEW, DECEMBER 14-27, 2009)

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GOL AND USTR RENEW
COMMITMENT TO WTO ACCESSION

¶1. (SBU) Assistant U.S. Trade Representative Christopher Wilson briefed GOL officials and parliamentarians on the status of Lebanon's WTO negotiations during a one-day visit to Beirut December 17. Wilson said the USG sees a real opportunity for Lebanon, with a new cabinet in place, to move toward WTO accession by the end of 2010. Wilson indicated USTR would like to see more ambitious market access offers, an improvement in terms of trade and services, and completion of some pending legislation, including intellectual property-related draft laws and amendments. Minister of Economy and Trade Mohammad Safadi stressed Lebanon's commitment to WTO accession. Safadi said there was no political resistance to pending WTO-legislation but noted the GOL was still facing resistance to accession from the agricultural and industrial sectors.

¶2. (SBU) During a lunch hosted by the American Lebanese Chamber of Commerce (AmCham), Wilson also raised the importance of strengthening the legal basis for intellectual property protection and enforcement of legislation in order to attract investment. He noted that the USG will continue its technical support to Lebanon for WTO accession and said USTR is committed to working with Lebanon to meet the GOL goal of acceding by the end of the year. AmCham president Salim Zeenni said AmCham is planning a trip to New York and Washington in February and would follow-up on these issues with USTR.

LEBANON COMMITTED TO
DEALING WITH CLIMATE CHANGE

¶3. (U) Prime Minister Saad Hariri expressed Lebanon's commitment to dealing with climate change and noted that Lebanon aims to be able to cover 12% of its energy needs with renewable energy sources by 2020. Hariri, who was speaking during the UN Climate Change Conference (COP15) in Copenhagen, headed a delegation including the ministers of health, energy and water, finance, and environment. The impact of climate change on Lebanon is enormous, he said, with direct effects on sea level and water supply, agriculture, and the survival of cedar trees, the country's national emblem. As reported by the local press, Hariri noted that Lebanon would work to decrease gas emissions but did not specify exact measures to be taken, although he called on developed countries to provide the assistance to developing countries.

MOODY'S AND STANDARD & POOR'S
UPGRADE LEBANON OUTLOOK

14. (U) Moody's Investors Service upgraded the outlook on Lebanon's B2 government bond issuer rating to positive from stable. The upgrade was attributed to improvement in external liquidity, strengthened ability of the banking system to finance fiscal deficits, and the formation of a cabinet in November. Moody's also upgraded to positive from stable Lebanon's B2 country ceiling for foreign currency bank deposits and B1 country ceiling for foreign currency bonds. Despite the upgrade, Moody's noted its concerns about potential vulnerabilities in the country's economic and political situation, as well as the sluggishness of economic reform.

15. (U) Meanwhile, Standard & Poor's (S&P) also raised its ratings on Lebanon's long and short-term sovereign credit to B/B from B-/C, with a positive outlook. S&P attributed the upgrade to many of the same circumstances cited by Moody's, most notably the "new cross-party consensus" that allowed PM Hariri to form a national unity government in November.

UNCTAD: GROWING MARITIME
ACTIVITY BUCKING GLOBAL TREND

16. (U) Lebanon ranked 34 out of 162 countries worldwide and 6 out of 18 MENA countries in the UN Conference on Trade and Development's (UNCTAD) Liner Shipping Connectivity Index (LSCI). This constituted an improvement of 8 places worldwide compared to last year, while Lebanon's regional ranking remained unchanged. UNCTAD noted that

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Lebanon's transport connectivity system was relatively well developed and improvement in its ranking stood in contrast to the global trend of slower maritime activity due to the financial crisis.

17. (SBU) UNCTAD also noted that from 2004-2008, Lebanon witnessed the third highest average annual growth rate worldwide in terms of LSCI. The LSCI measures levels of integration into global liner shipping networks, access to world markets, and ease of conducting maritime trade. Lebanon's main port is the Beirut Port, but recent GOL efforts have focused on expanding the northern Tripoli Port, a project financed by a \$50 million soft loan from the European Investment Bank (EIB). The former Chairman of the Tripoli Port previously told us this project would enable the port to compete with the Syrian ports of Lattaquieh and Tartous.

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